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C O N F I D E N T I A L SECTION 01 OF 07 ASUNCION 001312

SIPDIS

FBI FOR DIRECTOR MUELLER

E.O. 12958: DECL: 10/18/2015

TAGS: [PREL](#) [PGOV](#) [PTER](#) [SNAR](#) [KCRM](#) [PA](#)

SUBJECT: FBI DIRECTOR MUELLER'S VISIT TO PARAGUAY:  
SCENESETTER

Classified By: PolOff Mark A. Stamilio, reasons 1.4(b) and (d).

1. (SBU) Director Mueller, Embassy Asuncion warmly welcomes your visit as an opportunity to promote U.S. law enforcement interests and security cooperation with Paraguay. You come at a sensitive time, following a recent SECDEF visit that generated considerable press and political activity calling into question important, security-related aspects of our relationship with Paraguay. False allegations of plans to build a U.S. military base in Paraguay and immunities for U.S. military personnel who participate in joint exercises here were the main focus, but the planned opening of a LEGAT office in Asuncion also drew considerable attention. Press interest in your visit likely will be high. What follows is an overview of the current situation in Paraguay, highlighting key issues, and suggested topics and talking points for your scheduled meetings and press event.

2. (SBU) Note: Although there is no LEGAT office in Asuncion at present, a resident FBI representative has been assigned to another office in the Embassy here since May 2005. End Note.

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Your Program in Asuncion  
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3. (SBU) We look forward to your visit. The evening of your arrival, you will receive a country team and counter-terrorism briefing. The following day, you will meet separately with Vice President Luis Castiglioni (who will be Acting President during your visit), former Attorney General and new National Security Advisor Oscar Latorre, Supreme Court President Antonio Fretes, Interior Minister Rogelio Benitez, and Paraguayan National Police (PNP) Director General Fidel Isasa. Press availability is scheduled immediately following your meeting with Castiglioni. Following your meeting with Isasa, you are scheduled to present a certificate of appreciation to Police Commissioner Carlos Altenburger, Chief of the PNP's Counter-Terrorism Unit (SEPRINTE), followed by a photo opportunity with senior members of SEPRINTE.

4. (SBU) FBI Deputy Director Pistole met with Castiglioni during his visit to Washington in May/June. Castiglioni has proven to be an ally on matters of security. Your meetings with him and other Paraguayan officials afford the opportunity to strengthen existing rapport, and to discuss ways to advance U.S. law enforcement interests and further enhance bilateral security cooperation.

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The Political Scene: President Duarte's Efforts Under Fire  
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5. (C) Your visit comes two years into the Duarte presidency. In that time, Duarte turned a massive fiscal deficit into a large surplus, began a bold structural economic reform program, revived the economy, and fought corruption. In recent months, however, political support for Duarte has sagged due to perceptions that his government has not taken adequate measures to create jobs, tackle corruption, and meet public security concerns. As part of a pact to gain control of the Congress with the support of dissident Congressmen from opposition parties, Duarte's party, the Colorados, supported the election of a member of the socialist "Country in Solidarity" Party, Senator Carlos Filizzola, to be President of the Congress. Those opposed to this tenuous pact are bitter about having lost control of the Congress in the June elections and threaten to undermine the Colorados, legislative agenda. Filizzola is often at odds with U.S. policy. He opposes U.S. military exercises in Paraguay and has called actions in Afghanistan and Iraq "genocide." While as President of the Congress he will likely moderate his views, his ascendancy is troubling for the U.S. agenda.

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Reforming the Economy, But Growth Insufficient  
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6. (U) Paraguay's formal economy relies on agriculture. It features bloated but weak state institutions and the heavy involvement of state-owned enterprises. There is

considerable activity involving the trading of imported legitimate goods, as well as contraband and counterfeit products, most of which are destined for Brazil or Argentina.

The Duarte government took office in 2003 on the heels of Paraguay's worst recession in years promising to attack widespread corruption and reform the economy. Duarte named a non-partisan, technocratic economic cabinet and has supported their efforts. On a macro-economic level, Paraguay's performance has been strong: economic growth reached 2.6 and 4.0 percent in 2003 and 2004, respectively, and inflation was brought down to near 3 percent in 2004. However, whereas the government succeeded early on in getting some significant economic reform laws through Congress, progress over the last year has been slow. For Paraguay to escape from the poverty affecting roughly half of its population, the country needs to increase productivity by attracting capital and raising annual growth rates closer to 5 or 6 percent. Success will require the government to stay the course on macro-economic stability and undertake deeper structural reforms.

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Paraguay's Public Security Challenges  
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17. (U) Members of the Free Fatherland Party (PPL), a far-left political movement based in the countryside, kidnapped and subsequently murdered the daughter of a former president, Cecilia Cubas, whose body was discovered in February. Evidence ties the PPL to the Revolutionary Armed Forces of Colombia (FARC). A culture of distrust allowing for little inter-institutional cooperation hampers the ability of Paraguay's law enforcement community to tackle rising concerns about public security; Paraguay's National Police are widely disparaged by the general population as incompetent and corrupt. Last November, given the lack of confidence in the police, the President called the military out of the barracks to assist with law enforcement efforts. Its profile on the street has diminished in recent months as focus on the Cecilia Cubas kidnapping recedes from the public eye. The Cecilia Cubas murder and clear evidence of FARC involvement shocked Paraguay's leaders and population. Increased cooperation with Colombia and the U.S. and realization of the need for better intelligence and other security measures were one result.

18. (SBU) Note: The Paraguayan Attorney General's Office recently requested FBI assistance in isolating the voices of suspected Colombian and Brazilian nationals on an audio-video recording of a PPL kidnapping rehearsal exercise. LEGAT Buenos Aires forwarded the recording to the FBI crime lab. Several months ago, SEPRINTE asked the FBI representative assigned to Embassy Asuncion to send to the FBI crime lab remnants of several charred address books seized in a raid pursuant to the Cubas investigation. FBI analysis of both evidentiary requests is pending. End Note.

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International Crime and Counter-Terrorism  
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19. (U) The Tri-Border Area (TBA), the region of Paraguay that meets Brazil and Argentina, near the city of Ciudad del Este, is a primary USG concern. The area is notorious for drug and other smuggling, including trafficking in persons, intellectual piracy, document forgery, counterfeit cigarette manufacturing, and loose border controls, especially at the Friendship Bridge connecting Paraguay with Brazil.

110. (U) Paraguay cooperates closely with us in addressing all the problems of greatest U.S. concern, including terrorist fund raising by Hezbollah. Paraguay took the lead in establishing a four-nation coordination group known as the "3 plus 1" (Argentina, Brazil, Paraguay, and the U.S.). Also, despite the lack of specific anti-terrorist statutes, Paraguay has actively prosecuted known terrorist fund-raisers on tax evasion charges. FARC involvement with the Cubas kidnapping and links to the local violent leftist PPL have heightened Paraguayan concerns about terrorism. President Duarte noted the threats from international crime, including terrorist fund raising, in his July State of the Nation address.

111. (C) Despite preoccupation with close-to-home terrorism issues including kidnappings, local violent radicals, the FARC, and fund raising for Hezbollah, Paraguay is reluctant to take a lead in the war on terrorism beyond its borders. This is due to pressure from Brazil as well as domestic concerns that an aggressive anti-terrorism policy (e.g., vis a vis the Middle East) will draw terrorist reprisals. In addition, memories of abuses under the Stroessner dictatorship remain a factor. Last year, President Duarte received Chairman of the Joint Chiefs of Staff General Myers, but then made a public show of announcing that Paraguay would not send a contingent to Iraq despite surprisingly having offered to do so when he met with President Bush a year earlier. Given recent false allegations that the U.S. wants to establish a military base in Paraguay to combat terrorism

in the TBA, we recommend tailoring public remarks about Paraguay's role in the global war on terrorism in a way that will not lend fuel to these false claims. Fresh claims of abuses under the 35-year dictatorship of Alfredo Stroessner also make counter-terrorism legislation and action sensitive topics.

12. (SBU) Paraguay is a significant transit point for the transportation of cocaine and other narcotics by air from Colombia to Brazil. Much of the northwestern part of the country is uninhabited, and the GOP has difficulties in enforcing the law due to geography and the political power some drug traffickers wield. Paraguay's national anti-narcotics secretariat (SENAD) coordinates GOP interdiction efforts, with significant assistance from the DEA. In November 2004, Paraguay, Brazil and the DEA collaborated in a joint operation that produced the seizure of 260 kilograms of cocaine and the arrest of Brazilian drug kingpin Ivan Carlos Mendes Mesquita, wanted in the U.S. on drug trafficking charges involving Colombia's FARC guerrillas. Paraguay extradited Mendes Mesquita to the U.S. on June 27, a dramatic and unprecedented step. Clear congratulations are appropriate. Post considers this case emblematic of the success we achieved by working with the SENAD as an autonomous unit. Paraguay has no radar and some interlocutors may request U.S. assistance in this area. We are looking into this possibility in the context of JIATF's operation "Southern Light," but Paraguay has many other tasks more important than obtaining radar, and we are supporting phased improvements in enforcement and prosecution.

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U.S. Interests in Paraguay  
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13. (SBU) U.S. interests in Paraguay are focused on strengthening democratic institutions, promoting sound economic policies and good governance, disrupting criminal organizations, and combating terrorist financing. Post maintains bilateral assistance programs dealing with combating narcotics trafficking, money laundering, intellectual property violations, and trafficking in persons. The U.S. has assisted the Paraguayan Government in developing draft money-laundering and counter-terror legislation. In the wake of the Cubas kidnapping, Vice President Castiglioni traveled to the U.S. for meetings with Vice President Cheney, FBI Deputy Director Pistole, and other key officials to discuss a comprehensive approach to Paraguay's security challenges, including a high-level seminar that the Center for Hemispheric Defense Studies (CHDS) conducted here in September. USAID and the Peace Corps also have programs in the country. Paraguay has been named a threshold country for Millennium Challenge Account funding, and recently presented an ambitious USD 35 million proposal to the Millennium Challenge Corporation.

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Key Law Enforcement Agencies and Activities  
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14. (SBU) The PNP's Counter-Terrorism Unit (SEPRINTE) is an effective ally in our efforts to counter terrorist activity and terrorism finance in the region. As noted in paragraph 9, above, Paraguay cooperates closely with us in addressing all the problems of greatest U.S. concern, including terrorist fund raising by Hezbollah. We are also working closely with Paraguay's national anti-money laundering secretariat (SEPRELAD) to improve Paraguay's ability to

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investigate and prosecute money laundering and terrorism financing. The establishment of a LEGAT office in Asuncion is a key aspect of our strategy for combating transnational financial crimes. As noted in paragraph 11, above, with significant assistance from DEA, Paraguay's autonomous national anti-narcotics secretariat (SENAD) has achieved considerable success in combating illicit drug trafficking. Paraguay is also taking positive steps to investigate and prosecute trafficking in persons, intellectual piracy, document forgery, counterfeit cigarette manufacturing, and customs and immigration violations.

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The Military's Role  
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15. (U) The military's primary mission is to protect Paraguay's territorial integrity, defend the legitimate authorities in accordance with the Constitution, and cooperate in civil defense. It does not have a lead role in counter-drug operations, but provides a specialized tactical unit to support SENAD. The military's Special Forces unit is in the process of organizing a company-size counter-terrorism unit, and the Presidential Guard Unit has a specialized counter-terrorist platoon. The Navy has a law enforcement mission on Paraguay's rivers. The military is still seen as

the first to be called whenever there is a "crisis," and many Paraguayans feel "safer" when the military is out on the streets with the police.

¶16. (C) Recent press reports that Minister of Defense Roberto Gonzalez conveyed to members of Paraguay's Congress interest in adopting a shootdown policy appear to have been inaccurate. Given Paraguay's lack of radar equipment, Paraguay does not have the capability to monitor air traffic, much less bring down planes involved in illicit activity traveling in Paraguayan air space. The Ambassador flagged for the Defense and Foreign Ministers the legal and political ramifications of a decision to adopt a shootdown policy. They assured the Ambassador that the Government of Paraguay had no intentions of adopting such a policy.

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Discussion Topics and Talking Points  
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¶17. (C) We expect that Vice President Castiglioni will explain the administration's vision and goals, which will largely focus on domestic concerns related to reforming Paraguay's culture of impunity and corruption because it relates directly to the nation's law enforcement and security challenges. He will express the government's commitment to the struggles against terrorism and drug trafficking. The Duarte administration believes that Paraguay's solid efforts in these fields warrant more international assistance, particularly from the U.S. Castiglioni probably will note Paraguay's significant successes against drug traffickers and other transnational criminals, and may specifically request equipment such as radar and helicopters. Castiglioni will welcome increased U.S. law enforcement and security cooperation, and may note that Paraguay is also receiving enhanced cooperation from Colombia. Your meeting with Castiglioni would be a good opportunity to explore closer law enforcement and security ties.

¶18. (SBU) A few topics you might discuss with Vice President Castiglioni are as follows:

-- Congratulate Paraguay on its successes against drug traffickers, such as the FARC-connected Mendes Mesquita, who was recently extradited to the U.S.

-- Welcome Paraguay's continuing solid support in the struggle against terrorism, particularly on prosecuting terrorist financiers, and close cooperation with U.S. authorities in this arena. Note that passage of anti-money laundering legislation pending in the Paraguayan Congress will enhance the tools Paraguay has to fight this scourge. Also note that the establishment of a LEGAT office in Asuncion is a key aspect of our strategy for combating transnational financial crimes.

-- Note the importance to the U.S. and Paraguay of our cooperation on other key law enforcement matters, and express appreciation that the Duarte administration has given such matters its full support despite domestic as well as foreign criticism in the region.

-- (If asked:) Acknowledge that LEGAT Buenos Aires forwarded to the FBI crime lab the request from the Attorney General's Office for FBI assistance in isolating the voices of suspected Colombian and Brazilian nationals on an audio-video recording of a PPL kidnapping rehearsal exercise, and that the FBI representative assigned to Embassy Asuncion forwarded to the FBI crime lab remnants of several charred address books seized in a raid pursuant to the Cubas investigation. FBI analysis of both evidentiary requests is pending.

¶19. (SBU) Castiglioni hopes that you will speak with the press during your visit, and suggested that you do so upon exiting your meeting with him. He indicated that he would not accompany you to the podium. Press interest will likely be high. Paraguayan journalists are generally friendly people. We suggest that you lead off with a short statement about the purpose of your visit and your impressions after meeting with the Vice President, drawing from the points below, which we have prepared as a press release:

-- The purpose of this visit is to meet key government leaders involved in law enforcement. The FBI Director will also meet with Supreme Court President Fretes, the Minister of the Interior, and others.

-- In June 2005, Vice President Castiglioni was in Washington and met with FBI Deputy Director John Pistole.

-- Among the items discussed was the establishment of a Legal Attach office at the U.S. Embassy in Asuncion, envisioned to open in 2007. The Legal Attach is a representative from the Federal Bureau of Investigation (FBI), and part of the U.S. Department of Justice headed by Attorney General Alberto Gonzales.

-- Asuncion will be the eighth capital city in Latin America to receive the services of a Legal Attach office. Full service Legal Attach offices now exist at the U.S. Embassies in Brasilia, Buenos Aires, Santiago, Caracas, Bogota, Panama City, and Mexico City. Around the world, the FBI now maintains fully operational Legal Attach offices in 53 overseas locations, and is planning to set up 13 more over the next two years, including one in San Salvador.

-- The Legal Attach office in Asuncion will conduct traditional law enforcement liaison and provide training activities for appropriate law enforcement personnel in Paraguay. It will provide diplomatic representation and a bridge of communication between U.S. and Paraguayan law enforcement authorities, including access to information databases and other resources maintained in the United States and elsewhere.

-- The FBI Director's visit to Asuncion is part of a regional visit to five Latin American cities. Director Mueller will arrive in Asuncion following meetings in Brasilia.

(If asked:)

FBI Involvement in Paraguay

-- Q: When will the FBI office open here, and how many agents will staff it?

-- A: The current plan is to open the office sometime in 2007, and to staff it with two FBI agents.

-- Q: Vice President Castiglioni has said the main purpose of the FBI office here will be to provide training to Paraguayan law enforcement personnel. What specific types of training and services will the FBI office in Asuncion offer? Will the FBI office do things other than arrange for training?

-- A: Training the FBI provides to local and international law enforcement partners is designed to develop a professional cadre of leaders through the FBI's National Academy and similar programs, with the objective of building expertise, specialized skills, and a high degree of ethical values in law enforcement. In addition to training, the Legal Attach office will provide traditional law enforcement liaison between U.S. and Paraguayan law enforcement authorities, including access to information databases and other resources maintained in the United States and elsewhere.

-- Q: Does the FBI plan to conduct law enforcement operations in Ciudad del Este? Will the FBI investigate crimes in all parts of the country?

-- A: The Legal Attach office is intended to provide diplomatic representation and a bridge of communication between U.S. and Paraguayan officials. This is not our jurisdiction, and we will not conduct independent law enforcement investigations or operations here. Anything the FBI does here will be pursuant to operations conducted by Paraguayan authorities, since they have lawful jurisdiction in this sovereign nation.

International Crime and Counter-Terrorism

-- As clearly outlined in the U.S. Report on Global Terrorism, we believe the activities in the Tri-Border Area are basically fundraising and financing, not operational in nature.

-- We rely on the authorities in the countries involved to provide the legal structure to allow the investigation, arrest, and prosecution of persons involved in such activities.

-- We are pleased by Paraguay's active cooperation in the fight against terrorism. It has taken important steps to counter this grave problem and was instrumental in helping strengthen regional cooperation with the U.S. (through the "3 plus 1" mechanism).

Q: What proof do you have that Paraguay funds terrorists?

-- We never said that "Paraguay" funds terrorists, but rather that individuals in Paraguay (specifically in the Tri-Border Area) fund organizations engaged in terrorist activities.

-- Illicit activity, particularly along the tri-border, fosters corruption, discourages investment, inhibits economic development, and creates a milieu favorable to money launderers and terrorist financiers.

-- President Duarte mentioned the threat from terrorist financing in his annual message to Congress.

-- In recent years, Paraguay has convicted individuals for

tax evasion who have also been implicated in laundering money for terrorist groups.

-- It is vital that Paraguay continue to prosecute and convict those implicated in illicit activity, including money laundering and terrorist financing.

#### Counter-Drug Efforts

-- Paraguay is making an important effort against drug trafficking, despite limited resources. We applaud historic achievements, including the arrest and extradition of Mendes Mesquita, who had ties to the FARC.

-- We are confident there will be continued good performance in this area, which will benefit the Paraguayan people as well as the region at large.

Q: What types of assistance will the U.S. provide Paraguay to meet its security challenges? Can you give us radar and helicopters?

-- In 2004, the U.S. provided Paraguay with USD 1 million in funds to assist Paraguay in combating narcotics trafficking, money laundering, trafficking in persons, and intellectual property rights piracy.

-- Those funds support training for judges, prosecutors, and police, purchase of equipment, and conduct of operations.

-- Since 1987, the U.S. has donated over USD 5.8 million to assist Paraguay's law enforcement efforts.

#### FARC Ties

-- Evidence of FARC ties to the Cubas kidnapping is very disturbing. The FARC has demonstrated its readiness to commit any number of atrocities, including kidnappings and other forms of terrorism, to advance its objectives.

-- The U.S. recognizes Paraguay's commitment to address this problem.

#### Rumors of a U.S. Military Base

-- Reports of U.S. intentions to base U.S. troops in Paraguay are not true.

-- The truth is that small numbers of U.S. personnel, in groups of generally 10-20 persons, will train with their Paraguayan military colleagues during periods of two to six weeks and then return to the U.S. No U.S. soldiers will be deployed in Paraguay for extended periods of time.

120. (SBU) Topics you might discuss with Latorre, Fretes, Benitez, and Isasa:

-- Recent successes against drug traffickers, and Mendes Mesquita extradition.

-- Continuing solid support in struggle against terrorism and close cooperation on prosecuting terrorist financiers.

-- Importance of passing anti-money laundering legislation to enhance Paraguay's ability to fight this scourge.

-- (With Isasa:) Note importance of alliance with SEPRINTE in struggle against terrorism and terrorism finance.

-- Importance to the U.S. and Paraguay of cooperation on other key law enforcement matters, and appreciation that the Duarte administration has given such matters its full support despite domestic as well as foreign criticism in the region.

-- (With Latorre:) Ask what he sees as his primary role in his new job as National Security Advisor, and what his top priorities are.

-- (With others:) Ask what they see as Paraguay's top law enforcement priorities.

-- (If asked:) Acknowledge that LEGAT Buenos Aires forwarded request for FBI assistance in isolating suspected Colombian and Brazilian voices on PPL kidnapping rehearsal video, and that Embassy Asuncion forwarded to the FBI crime lab remnants of several charred address books seized in a raid pursuant to the Cubas investigation. FBI analysis of both evidentiary requests is pending.

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